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PART II—Section 3—Sub-section (ii)

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MINISTRY OF COMMERCE & INDUSTRY

NOTIFICATION

New Delhi, the 15th May 1961

FORWARD CONTRACTS (REGULATION) (AMENDMENT) RULES, 1961

S.O. 1099.—In exercise of the powers conferred by section 28 of the Forward Contracts (Regulation) Act, 1952 (74 of 1952), the Central Government hereby makes the following further amendments in the Forward Contracts (Regulation) Rules, 1954, namely:—

1. These rules may be called the Forward Contracts (Regulation) (Amendment) Rules, 1961.

2. After rule 3 of the Forward Contracts (Regulation) Rules, 1954 (hereinafter referred to as the principal rules), the following rule shall be inserted, namely:—

“3A. An application under section 14A of the Act for registration of an association shall be made in triplicate in Form D to the Forward Markets Commission, Bombay.”

3. For rule 4 of the principal rules, the following rule shall be substituted, namely:—

“4. (1) There shall be paid in respect of every application under rule 3 a fee of rupees two hundred and fifty and under Rule 3A a fee of rupees fifty.

(2) The amount of the fee shall either (i) be deposited in the nearest Government Treasury or the nearest branch of the State Bank of India; provided that at Bombay, Calcutta, Delhi, Kanpur and Madras the amount shall be deposited in the Reserve Bank of India, or (ii) be remitted by a crossed Demand Draft on any State Bank of India, or by a crossed Indian Postal Order in favour of the Secretary, Forward Markets Commission, Bombay.

(3) The amount of the fee so deposited shall be credited to the Receipt Head XXXVI—Miscellaneous Receipts—Forward Markets Commission—items adjustable by the Deputy Director of Audit, Food, Rehabilitation, Supply, Commerce, Steel and Mines, Bombay.

(4) The amount of the fee so deposited shall not be refundable.”

4. In rule 5 of the principal rules,—

(i) the words and figure “as specified in section 5 of the Act” shall be omitted;

(ii) for the words “Imperial Bank of India”, the words “State Bank of India” shall be substituted;

(iii) after the words "the Reserve Bank of India", the words "or the Demand Draft on the State Bank of India or the Indian Postal Order" shall be inserted;

(iv) after the word "deposited", the words "or remitted, as the case may be," shall be inserted.

5. In rule 6 of the principal rules, the words "through whom the application shall be made" shall be omitted.

6. After rule 7 of the principal rules the following rule shall be inserted, namely:—

"7A. The certificate of registration granted to an association under sub-clause (b) of clause (3) of section 14A of the Act shall be in Form E and the certificate of registration granted to an association under section 14B of the Act shall be in Form F."

7. After rule 8 of the principal rules, the following rule shall be inserted, namely:—

"8A. (1) Three months before the expiry of the period of registration, an association desirous of renewing the certificate of registration may make an application in triplicate in Form D to the Forward Markets Commission.

(2) The provisions of rule 3A, rule 4, rule 5, rule 6 and rule 7A shall apply in relation to the renewal of a certificate of registration as they apply in relation to the grant of the certificate subject to the modification that the fee payable in respect of an application for renewal shall be Rs. 20/-."

8. After rule 9 of the principal rules, the following rule shall be inserted, namely:—

"9A. *Refusal to grant registration.*—Opportunity to the association to be heard, referred to in the proviso to section 14B of the Act, shall be given by means of a notice which shall be in Form G".

9. For rule 10 of the principal rules, the following rule shall be substituted, namely:—

"10. *Submission of periodical returns.*

(1) Every recognised association and every registered association shall send to the Forward Markets Commission returns relating to its affairs and the affairs of its members in such form and in such manner and at such times as may be specified in this behalf by the Forward Markets Commission.

(2) Every member of a recognised association or of a registered association shall send to the Forward Markets Commission returns relating to his affairs in such form and in such manner and at such times as may be specified in this behalf by the Forward Markets Commission."

10. After rule 11 of the principal rules, the following rule shall be inserted, namely:—

"11A. *Manner of publication of Bye-laws by the Central Government for criticism.*

Except in cases where previous publication is dispensed with, the following shall be the conditions in regard to previous publication of any bye-law made, amended or revised by the Central Government under section 12 of the Act, namely:—

(a) the Central Government shall publish a draft of the bye-law, or the amendment or revision of a bye-law, in the Gazette of India for the information of persons likely to be affected thereby;

(b) there shall be published with the draft a notice that the draft will be taken into consideration by the Central Government on or after a certain date (hereinafter in this rule referred to as the specified date) which shall not be earlier than seven days from the date of such publication in the Gazette of India and that any objections or suggestions with respect to the said draft received from any person before the specified date will be considered by the Central Government."

11. (i) In Form A appended to the principal rules, for paragraph 5, the following shall be substituted, namely:—

“5. Treasury Receipt No. dated/Crossed Demand Draft on the State Bank of India, Bombay No. dated/Crossed Postal Order No. dated for Rs. 250/Rs. 100 is attached”;

(ii) In the Annexure, in ‘Part I—General’, in Serial No. 4, for the words and figures “the Indian Companies Act, 1913”, the words and figures “the Companies Act, 1956” shall be substituted.

12. After form C appended to the principal rules, the following forms and Annexures shall be inserted, namely:—

“FORM D

(See rules 3A and 8A)

Application for registration/renewal of registration of an association under section 14A of the Forward Contracts (Regulation) Act, 1952.

(Note: Application must be submitted in triplicate)

To

.....

SUB: Application for registration/renewal of registration of an association under section 14A of the Forward Contracts (Regulation) Act, 1952.

Sir,

Pursuant to section 14A of the Forward Contracts (Regulation) Act, 1952/ certificate dated granting certificate of registration under section 14A of the Forward Contracts (Regulation) Act, 1952, We/I on behalf of being concerned with the regulation and (name and address of Association) control of business relating to forward contracts in hereby apply for registration/renewal of registration for the purposes of the said Act.

2. Three copies of the Rules, Memorandum and Articles of Association relating in general to the constitution and management of the association and three copies of the bye-laws for the regulation and control of forward contracts are enclosed.

3. All the necessary information required in the Annexure to the Form is enclosed. Any additional information will be furnished as and when called for by the Forward Markets Commission.

4. We/I on behalf of the said association hereby undertake to comply with the requirements under section 14A and section 14C of the Forward Contracts (Regulation) Act, 1952.

5. Treasury Receipt No. dated/Crossed Demand Draft on the State Bank of India, Bombay No. dated /crossed postal order No. dated for Rs. 50/Rs. 20 is attached.

Yours faithfully,

Signature of applicant.

ANNEXURE TO FORM D

S. No.	Particulars
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PART I—General

- (1) Name of applicant association.
- (2) Address.
- (3) Date of establishment.
- (4) State whether your association is
 - (a) Public company limited by share capital,
 - (b) Public company limited by guarantee,
 - (c) Private limited company,
 - (d) Registered under an Act other than the Companies Act, 1956,
 - (e) Voluntary organisation.
- (5) Whether your association is a profit making organisation.
- (6) Please supply two copies of the audited Balance sheet and Profit and Loss Account of the Association for the last two years.

PART II—Membership

- (7) Number of members at the time of application.
- (8) Give the classification of members under broad trade interests like "sellers", "buyers", "brokers" "crushers" etc.
- (9) State the different classes of members (e.g., full member, associate member, trading member, non-trading member etc.) and the number of members in each class.
- (10) Give details of the privileges enjoyed by the different classes of members particularly in regard to their voting rights.
- (11) What are the conditions of membership as regards:
 - (a) subscription to share capital.
 - (b) admission fee.
 - (c) deposit.
 - (d) annual subscription.
- (12) State the rate of interest paid by you on members' deposit and the manner in which such deposits are utilised.
- (13) State whether under your existing constitution there are any provisions for limiting the number of members. If so, give details and reasons therefor.

PART III—Board of Management

- (14) What is the present strength of your Board of Management/Directors?
- (15) Are there any representatives of State Governments/Commodity Committees on your Board of Management/Directors? If so, please furnish their names and the interest represented by them.

PART IV—Ready Contracts (*Delivery to be effected within 11 days from the date of transaction*)

- (16) Do you provide facility for performance of ready contracts? If so, state the names of commodities for which such facilities are provided.
- (17) State the average annual turnover in ready contracts separately for different commodities.

S. No.

Particulars

PART V—*Forward Contracts*

- (18) State the names of commodities and the different type of forward contracts (*e.g.*, non-transferable specific delivery contracts, transferable specific delivery contracts, hedge contract, etc.) dealt in by you for last two years.
- (19) Furnish approximate figures of your annual turnover in the different types of forward contracts (*e.g.*, non-transferable specific delivery contracts, transferable specific delivery contracts and hedge contracts), the quantity tendered, value thereof, and the amount settled through your clearing house for last two years for each commodity separately.
- (20) State briefly the safeguards that you generally take for ensuring delivery between the seller and the buyer under such contracts.
- (21) Do you have a trading "ring"? If so, give details.
- (22) Give details of the opening and closing of the market and the regulation of the hours of trade.
- (23) State the unit of trading prescribed in respect of "hedge" and other types of forward contracts.
- (24) Give the basis of the hedge contract or any other forward contract and the tenderable varieties prescribed for such contracts.
- (25) Do you provide for the delivery of the commodity at stations outside the place where your association is situated? If so, please furnish names of such stations.
- (26) What are the periods of delivery stipulated against the "hedge" or other types of forward contracts?
- (27) Do you provide safeguards for the prevention of "squeeze" and "bear raids", and for meeting emergencies in trade? Please give short account of any measures taken to prevent manipulation of markets during the last two years.
- (28) Do the members of your association submit periodical reports of the business done by them?
- (29) What provisions have you made for periodical settlement of contracts and differences thereunder, the delivery of and payment for goods and the passing of delivery orders?
- (30) Does your clearing house guarantee the fulfilment of contracts?
- (31) Do you prescribe margin requirements? If so, give details.
- (32) Attach three copies of your standard forms of contract.
- (33) Do you require members to supply such information or explanation and to produce such books relating to their business as your Board of Management/Directors may require?
- (34) What types of penalty (*e.g.*, fine, suspension, expulsion, etc.) do you provide for in case of contravention of bye-laws by a member?

PART VI—*Surveys & Arbitration*

- (35) Do you provide facilities for the survey of samples of goods tendered in fulfilment of contracts made subject to your bye-laws or of other samples?
- (36) Do you provide a machinery for the arbitration of trade disputes?
- (37) Please state the number of samples surveyed and the number of trade disputes arbitrated during the last two years.

Yours faithfully,
President/Secretary.

Date:

FORM E

(See rule 7A)

FORWARD MARKETS COMMISSION, GOVERNMENT OF INDIA

Bombay, the 196

No. The Forward Markets Commission hereby grants, in pursuance of sub-clause (b) of clause (3) of section 14A of the Forward Contracts (Regulation) Act, 1952 (74 of 1952), registration to.....
 (name and address of the association)
 for.....year/years ending.....196 /on a permanent basis.

2. The registration hereby granted is subject to the conditions (i) that the said association shall comply with such directions as may from time to time be given by the Forward Markets Commission; and (ii) that the said association shall not conduct forward trading in any commodity other than those specified hereunder except with the previous approval of the Forward Markets Commission.

.....

.....

Signature of Officer.

Seal of

Forward Markets Commission.

FORM F

(See rule 7A)

FORWARD MARKETS COMMISSION, GOVERNMENT OF INDIA

Bombay, the 196

No. The Forward Markets Commission, having considered the application for registration made under section 14A of the Forward Contracts (Regulation) Act, 1952, by.....
 (name and address of association)
 hereby grants, in exercise of the powers conferred by section 14B of the said Act, registration to the said association for.....year/years ending.....
196 /on a permanent basis.

2. The registration hereby granted is subject to the conditions (i) that the said association shall comply with such directions as may from time to time be given by the Forward Markets Commission and (ii) that the said association shall not conduct forward trading in any commodity other than those specified hereunder except with the previous approval of the Forward Markets Commission.

.....

.....

Signature of Officer.

Seal of

Forward Markets Commission.

FORM G

(See rule 9A)

Notice to show cause against refusal to grant registration

FORWARD MARKETS COMMISSION, GOVERNMENT OF INDIA

Bombay, the 196

To

.....
(name and address of association)
.....

The Forward Markets Commission hereby calls upon you to show cause on.....at the office of.....
(date) (designation of the Officer)
why the registration should not be refused for the reasons given in the Annexure to this Notice.

.....
.....
Signature of Officer.

Seal of

Forward Markets Commission."

[No. 35(1)-TMP/FMC/61.]

K. V. VENKATACHALAM, Jt. Secy.

